

# COMMITTEE STATEMENT

## LB 1437

HEARING DATE: February 14, 2000

COMMITTEE ON: Banking, Commerce, and Insurance

TITLE: (Jones, Aguilar, Bruning, Dickey, Kremer, Schrock, Tyson, Wehrbein) Adopt the Family Farm and Ranch Transfer Act

### ROLL CALL VOTE – FINAL COMMITTEE ACTION

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Advanced to General File

Advanced to General File with Amendments

X Indefinitely Postponed

#### Vote Results:

5 Yes Senators Landis, Aguilar, Bourne, Bruning, Schmitt

3 No Senators Tyson, Jensen, Kremer

Present, not voting

Absent

PROPOSERS	REPRESENTING
Senator Jim Jones	Introducer
Milton Rogers	NE Farm Bureau Federation
Greg Ruehle	NE Cattlemen
Robert Hallstrom	NE Bankers Assn.
OPPOSERS	REPRESENTING
Nancy Thompson	Friends of the Constitution
Stanley Rosendahl	NE Pork Producers Assn.
Larry Smith	Saunders County Livestock Assn. Saunders County Ag Alliance
Annette Dubas	Mid Nebraska PRIDE
Robert Jeary	NE State Grange
Todd Stewart	Self
David Hansen	Self
Jon Bailey	Center for Rural Affairs
Norma Hall	Women Involved in Farm Economics
John Hansen	NE Farmers Union
NEUTRAL	REPRESENTING

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### SUMMARY OF PURPOSE AND/OR CHANGES:

LB 1437 (Jones, Aguilar, Bruning, Dickey, Kremer, Schrock, Tyson, Wehrbein) would enact the Family Farm and Ranch Transfer Act to provide that a limited liability company, limited partnership, or limited liability partnership may be formed for the purpose of transferring ownership interest in a family farm or ranch operation from a senior member or partner to a junior member or partner.

A family farm or ranch operations would be defined as (1) a sole proprietorship or general partnership engaged in farming or ranching or the ownership of agricultural land, (2) a limited liability company (LLC), (3) a limited partnership (LP), (4) a limited liability partnership (LLP), or (5) a family farm or ranch corporation as defined in Article XII, section of the Constitution of Nebraska (Initiative 300, 1982).

A senior member or partner would be defined as a family farm or ranch operation which owns agricultural land, and whose manager is at least 65 years old, has been actively engaged in farming or ranching on land owned by the senior member, and holds a majority of the ownership interest in the operation of the senior member or partner.

A junior member or partner would be defined as a family farm or ranch operation which is actively engaged in farming or ranching, and whose operator is younger than 65 years old, is actively engaged in farming or ranching, and holds a majority of the ownership interest in the operation of the junior member or partner.

The bill would require that the articles of organization of an LLC, the certificate of limited partnership of an LC, or the registration application or statement of qualification of an LLP shall include a description of the time frame and financial arrangements concerning the transfer of ownership interests in agricultural land.

The bill would amend section 21-2602 of the Limited Liability Company Act, section 67-238 of the Nebraska Uniform Limited Partnership Act, section 67-306 of the Uniform Partnership Act, and section 67-409 of the Uniform Partnership Act of 1998 to provide that LLCs, LPs, and LLPs formed for the purpose set forth in the section 3 of this bill shall not be deemed syndicates for purposes of Initiative 300.

The bill would amend section 21-2606 of the Limited Liability Company Act, section 67-240 of the Nebraska Uniform Limited Partnership Act, section 67-344 of the Uniform Partnership Act, and section 67-454 of the Uniform Partnership Act of 1998 to provide for information that must be included in articles of organizations, certificates of limited partnership, applications for registration, and statements of qualification, if LLCs, LPs, and LLPs are formed for the purpose of section 3 of this bill.

**BACKGROUND NOTE:** Nebraska currently has two uniform acts regarding partnerships, each of which has an LLP component. The Uniform Partnership Act ("Old Act") (sections 67-301 to 67-346) was first enacted in 1943. The Old Act's LLP

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component was added in 1996. The Uniform Partnership Act of 1998 (“New Act”) (sections 67-401 to 67-467) was enacted in 1997 with an LLP component. The New Act became operative on January 1, 1998 and governs partnerships formed on or after that date. The Old Act governs partnerships formed before January 1, 1998, but the New Act governs partnerships formed before January 1, 1998 which elect to be governed by the New Act. The Old Act terminates on January 1, 2001, and on and after that date the New Act governs all partnerships.

EXPLANATION OF AMENDMENTS, IF ANY:

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Senator David Landis